[Translation]

Cement Corporation of India

3238. DR. LAXMINARAYAN PANDEY : Will the Minister of INDUSTRY be pleased to state:

(a) whether Nayagaon Unit of Cement Corporation of India had to be closed due to non-payment of different dues, such as electricity bills etc. during the last year;

(b) if so, the details thereof and the reasons therefor;

(c) the amount of loss incurred due to closure; and

(d) the details of the steps taken by the Government to check such recurrence ?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) and (b) The Nayagaon Cement Unit of Cement Corporation of India was not closed during the last year. However, the production activity in the Unit remained suspended for about 34 days during the year 1996 due to disconnection of electricity by the State Electricity Board on account of non-payment of electricity dues. The company could not make the payment due to liquidity problems.

(c) Cement Corporation of India (CCI) has reported that there was a production loss of around 34000 tonnes of cement as a result of suspension of production activities at the unit.

(d) CCI has been referred to BIFR under the provisions of SICA and the Company has already submitted a draft revival package to the Operating Agency for consideration. The package, inter-alia, envisages installation of captive DG sets in various units of the company including Nayagaon Unit to ensure uninterrupted power supply.

[English]

Development of Handloom Sector

3239. SHRI K.C. KONDAIAH Will the Minister of TEXTILES be pleased to state:

(a) whether any proposal regarding the development of handloom varieties and strengthening marketing in Karnataka is pending with the Union Government;

(b) if so, the details of the scheme, and

(c) the action taken by Government thereon ?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) to (c) Based on the viable proposals received from Government of Karnataka, an amount of Rs.339.75 lakhs has been sanctioned till date during the current financial year under various handloom schemes.

Primary Capital Market

3240. SHRI SOMJIBHAI DAMOR : Will the Minister of FINANCE be pleased to state:

(a) the number of companies and the quantum of funds raised in the primary capital market during each of the last three years;

(b) the number of companies and the quantum of funds lost based on market capitalisation in respect of these companies as on 31st December, 1996;

(c) whether such losses to investors could have been avoided or minimised if the instruments raising the funds were in the form of optionally convertible debentures;

(d) if so, whether the Government propose to make it mandatory for the companies raising the funds to issue term OCD allowing safe exit route to investor; and

(e) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) According to the data furnished by Securities and Exchange Board of India (SEBI) the information is given below :

(Rs. in crores)

Year	No. of companies	Amount raised from the primary capital market.
1994-95	1692	27632.1
1995-96	1725	20803.7
1996-97 (Upto February, 1997)	864	13181.1

(b) SEBI has stated that according to available data, during the period between March 31,1996 and January 31,1997 there was a decline in the market capitalisation on Bombay Stock Exchange of Rs. 68,215 crores. However this cannot be viewed as a loss of funds.

(c) to (e) The choice of instrument through which the capital should be raised is decided by the issuer companies and their lead merchant bankers. The issuer companies plan their capital structure according to their needs. Thereafter, it is the option of the investors to subscribe or not to subscribe to particular instruments issued by the companies. It is not possible to quantity the impact on capitalisation of different choices by issuers of market instruments.

Setting up of Export Processing Zone

3241. SHRI HARIN PATHAK : Will the Minister of COMMERCE be pleased to state:

(a) the details of the Export Processing Zones in the country, location-wise and State-wise;

(b) the details of the products being exported from Maharashtra, U.P. and Gujarat and the percentage of its contributions towards total exports;

(c) whether the Government propose to increase the number of Export Promotion Zones in the country particularly in Gujarat keeping in view of its abundant potential for exports; and

(d) if so, the details thereof ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) The seven Export Processing Zones (EPZs) functioning in the country are located at Bombay (Maharashtra), Kandla (Gujarat), Noida (U.P.), Madras (Tamil Nadu), Cochin (Kerala), Falta (West Bengal) and Visakhapatnam (Andhra Pradesh).

(b) State-wise data on exports is not maintained.

(c) and (d) An Export Processing Zone is functioning at Kandla (Gujarat) keeping in view the availability of funds and the need to optimise the infrastructural facilities in the existing Export Processing Zones, there is no proposal at present for the Central Government to set up new Zones in the country. However, Export Processing Zones can now be established by State Government or in joint/private sector. One such private EPZ has been approved for establishment at Surat.

Indian Stock Market

3242. SHRI UTTAM SINGH PAWAR : Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received any report in the context of the small investors having lost faith in the Indian Stock Market;

(b) if so, the details thereof; and

(c) the action proposed to be taken thereon specially against the merchant bankers who induced entrepreneurs with or without track record, to tap the market with high premia ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) Securities and Exchange Board of India (SEBI) received a research report from J.M. Share and Stock Brokers Ltd. in October, 1996. The study was done on 2012 companies which came out with public issues during the period April, 1994-March, 1996. The major finding of the study was that the investors in the primary market have suffered substantial losses on account of decline in the prices of shares as compared to the issue price and price on listing of stock exchanges.

(c) According to the SEBI guidelines for disclosure and investor protection, any company proposing to access the primary capital market with an initial public offering should necessarily have either a three year dividend paying track record or have its project appraised and funded upto 10 per cent of the project cost by financial institutions/ scheduled commercial banks. In case of premium issues the promoters are required to justify the premium in the offer documents. SEBI ensures relevant disclosures in the offer document including risk factors so as to enable the investors to make informed investment decisions. Further, SEBI initiates action against the merchant bankers for not exercising the diligence while managing the public or right issues. In cases of violation of SEBI's regulations, SEBI has allowed the investors to withdraw their applications, ordered withdrawal of acknowledgement cards and such issues were not allowed to enter the market.

Public Sector Undertakings

3243. SHRI N.K. PREMCHANDRAN : Will the Minister of INDUSTRY be pleased to state:

(a) whether the Government are aware that the frequent remission of excise duty has been adversely affected the public sector units;

(b) if so, the extent to which affected and the public sector units which suffered the worst for the last three years; and

(c) the remedial measures proposed to be taken by the Government to overcome such contingencies ?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) to (c) Any change in excise duty will have uniform impact on industries both in Public and Private Sectors.

Companies Vanished After Raising Money Through Public Issues

3244. SHRI MOHAN RAWALE :
SHRI TARIQ ANWAR :
SHRI I.D. SWAMI:
SHRI JAI PRAKASH (HARDOI):

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that several companies vanish after raising money from the public;

(b) if so, the details thereof for the last three years;

(c) whether the Government have any machinery for monitoring utilisation of issue funds and for ascertaining if the companies exist after they have made public issues;

(d) if so, the details thereof;

(e) if not, the reasons therefor; and

(f) the reaction of the Government in regard thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) According to a study conducted by SEBI for the year 1994-95, most of the companies that raised money from the public are in existence. The study revealed that out of 382 companies which came out with premium issues in 1994-95, 2 companies have not been listed and the monies have been refunded to the public. Of the remaining 380, 377 are trading. SEBI has written to Department of Company Affairs (DCA) for further verification.